EQUIPMENT

Equipment dealers stress re-education

Patt Patterson/Page 59

FOOD

US restaurateurs do Italian better

Florence Fabricant/Page 11

EDITOR'S CORNER

...ma: execs

...Bernstein/Page F3

NEWSPAPER
SECOND CLASS

Nation's
Restaurant News®

The Weekly Newspaper of the Food-Service Industry

Vol. 23, No. 22 | Published every Monday by Lebhar-Friedman Inc.; $3 a copy, $29.50 a year | May 29, 1989

Carry-out packaging goes upscale

Sophisticated containers lead to new off-site menu opportunities

By Peter Romeo

With the on-site dining market as soft as butter on a griddle, many upscale restaurants are embracing a new generation of food containers as their ticket into the still-burgeoning takeout-and-delivery segment.

The snazzy new packages have armed the operators with the long-sought means to transport their delicate concoctions into consumers' homes without sacrificing quality or jeopardizing reputations.

"There are two aspects to the packaging," explains Rick Gilbertson, an Indiana-based takeout-and-delivery consultant. "First, it promotes the same quality image that operators try to convey in their restaurants. And second, it's utilitarian. They're delivering products that are a lot more difficult to transport than pizza."

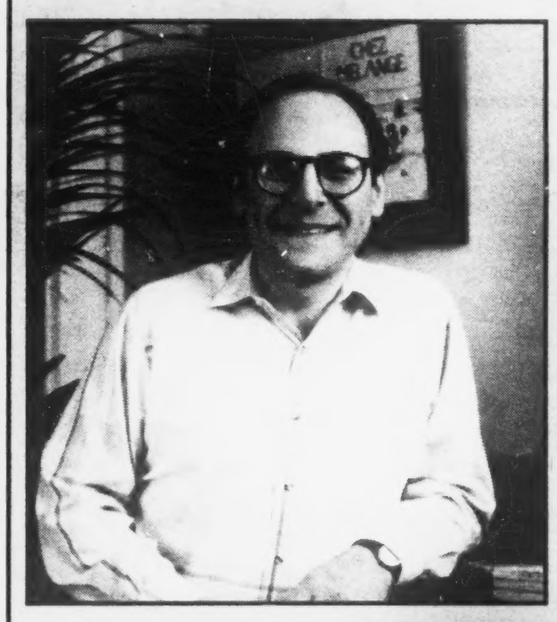
"So you're seeing a lot more designer-type packaging — with more color, more style — made specifically for certain products," he notes.

The trend is reshaping competition in the off-premises dining market in several major ways, not the least of which is the introduction of more upscale and expensive offerings. Couch potatoes bored with pizza or moo shu pork are suddenly being presented with such take-out-and-delivery alternatives as

(See PACKAGING, page F9)

Pan... container bans threaten business
See page 3

Innovative packaging spices take-out market
See Focus



Michael Franks is launching Fino, a southern European bistro, with partner Robert Bell.

Chef Robert Bell, who, with partner Franks, co-owns Chez Melange and latest venture, Fino.

Chez Melange partners unveil European bistro

By Richard Martin

TORRANCE, Calif. — Chez Melange partners Michael Franks and chef Robert Bell are launching a southern European bistro here called Fino, the newest in an emerging crop of restaurants featuring multinational menus of Mediterranean foods.

Garlic and olive oil will be the foremost accents at Fino, scheduled to open early next month as a low-budget spin-off of Franks and Bell's high-grossing Chez Melange international cuisine restaurant in Redondo Beach, south of Los Angeles.

Fino will be "a fun, little, local place" with a food concept falling "somewhere between a Mediterranean bistro and the food of southern Spain," Franks explained.

In California other exponents of eclectic, Mediterranean regional cooking are Opera in Santa Monica, Olivetto in Oakland, and the San Francisco restaurants Lascaux, Maltese Grill, and Square One. The New York City restaurants Eze, Cafe Greco, and Park Bistro also exemplify the genre.

Franks and Bell, intent on feeding their customers' growing appetites for the rustic regional flavors of Italy, France, and Spain, crafted the Fino concept after a recent European research tour and a menu trial at Chez Melange.

"We were in Italy and Provence

(See FINO, page 73)

McDonald's rolls out McChicken sandwich

By Rajan Chaudhry

OAK BROOK, Ill. — In its first major product introduction since its launch of prepackaged salads in 1987, McDonald's Corp. has rolled out its McChicken sandwich nationwide. "This . . . sandwich completes the trio of chicken products at McDonald's, including Chicken McNuggets and chicken salad Oriental," chief operations officer Edward H. Rensi told a standing-room-only crowd at the company's annual shareholders meeting here.

McDonald's, the world's largest restaurant company and one of Wall Street's most consistent performers, also drew cheers with its announcement of a two-for-one common stock split and an 11-percent hike in its quarterly cash dividend.

McDonald's newest offering, called Country Style McChicken, is a breast meat sandwich topped with lettuce and mayonnaise.

At about $2.69, the sandwich is one of the priciest items on McDonald's menu and is sure to boost check averages.

(See MCDONALD'S, page 73)

Burger King taps 2 agencies for ad strategy

By Peter Romeo

MIAMI — With its comeback hinging on development of effective marketing, Burger King has sought some insurance by hiring two major New York agencies to brainstorm a new strategy for the chain's $215 million national advertising program.

Typically, fast-food chains assign all components of their national advertising campaigns to a single agency. Under Burger King's unorthodox approach, D'Arcy Masius Benton & Bowles will draft campaigns that convey an overall image of the chain, and Saatchi & Saatchi will handle tactical programs focusing on a particular product or promotion.

The "dual-agency partnership" permits "synergizing some of the best

(See BK, page 73)

FOOD WATCH

Ah, bologna!

MEMPHIS, Tenn. — If anyone ever tires of barbecued ribs or shredded-pork-shoulder sandwiches in this barbecue capital, there's always barbecued bologna.

John Wills is one of the barbecue restaurants here that feature the dish, consisting of bologna that has been smoked over hickory chips, sliced, grilled, covered with barbecue sauce, and stacked on a hamburger bun. Baked beans and coleslaw are the traditional side dishes, although spaghetti is a common alternative.

Another dish with a strong Italian influence is barbecued pizza, which Wills will feature at his new restaurant, opening this summer. Pork shoulder pieces with barbecue sauce are the pizza topping, along with tomato sauce and cheese.

— Carolyn Walkup

MRS. WINNER'S CHAIN SOLD TO ARBY'S FRANCHISEE — Page 4

INSIDE NRN

News

Club operators bait couch potatoes 7
Nathan's names prexy 7
San Simeon trims prices to boost sales 7
Experts: Unit-level managers need more control 7
Taco Villa to adopt new name 18
James River buys Alco subsidiary 50
NYU names Women of the Year 54
Windsor group names Villareal to head Biltmore 54
Host relocating to Bethesda 54
USDA pushes for seafood inspections 57
J & W eyes Florida branch 59
Schieffelin dies; headed wine co. 60
Persinger named Central Park vp 60
Stouffer's Hulett named exec of the year 71
IHOP taps Feicco as vp operations 71
Isbells create endowment to support ethics institute . . . 71
Kraft, Baxter join forces in hospital deal 71

Focus

Section follows page 30
Cover Story/Wrap it up F1
Bernstein/Industry dilemma: Too few women execs . . F3
Rankin/Subminimum training wage F4
Cover Story/Zabar's picnic boxes speak for themselves F9
Cover Story/Fast feeders rush to better containers . . . F9
Cover Story/Atlanta gets hit with a steak-out F18

Columns

Patterson/Equipment dealers stress re-education 59
Walkup/Dining cars revive romance of the rails 57
Liddle/Schwartz brothers to sell Calif. units 50
Hayes/America wants a taste of the South an8

Food

Fabricant/US restaurateurs do northern Italian food right 11
What's Hot/Los Angeles, Part I 11
Food News Digest 11

Marketing

Da Angelos use their noodles 12
Tip O'Neill to cover girls: Quality Inns uses celebs 12
Marketing Digest 12
Ad Watch/ 12

Financial

Holiday joins JDC Corp. to create finance company . . . 14
Dairy Mart gets cash bid from United 14
Food Price Outlook 14
Fact File 14
Financial Digest 14
Stock table 74

Features

Letters F3
Reporters' Journal F4
Name of the Week F4
Flashback F4
Where Are They Now? . . F4
Product News 43,46
Classified 63-71
Advertiser Index 72

NRN Directory

For your own subscription to Nation's Restaurant News, call toll-free 1 (800) 262-9500.

For other business, call (212) 371-9400 and extension:

Newsroom 285
Display advertising 404
Classified advertising 492
Subscription problems 419

Subscription rate: food-service operators and wholesalers-distributors, one year, $29.50, two years, $49.50; auxiliary (consultants, architects, designers, manufacturers, suppliers, and schools) and all others, $59.

Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the last Monday in December, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to: Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

For change of address, please write Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. Six weeks' notice is requested. Please send old and new address and zip codes. If possible, include mailing label.

Vol. 23, No. 22 May 29, 1989

NEWS DIGEST

TW dons 'For Sale' sign in face of Coniston suit

NEW YORK — TW Services, the nation's fourth-largest food-service concern, has put itself on the auction block in the face of a dogged pursuit by hostile suitor Coniston Partners.

The company said it would accept "firm" bids until June 5 for all or part of its food-service empire, which includes the Denny's coffee-shop chain, the Quincy's steak-house system, several hundred franchised Hardee's units, and the Canteen Corp. contract-feeding operation.

Meanwhile, Coniston, a New York investment concern, has asked a Delaware court to order TW to hold a shareholders meeting. TW indefinitely postponed the meeting scheduled for April 26 because of Coniston's $29-per-share takeover bid. Coniston had indicated that it would seek to elect two representatives to TW's board.

After rejecting Coniston's bid earlier this year, TW retained financial advisers to assess the possibility of selling all or part of the company.

Senate passes $4.55 wage; Bush pledges a veto

WASHINGTON — The Senate has joined the House of Representatives in voting to raise the federal minimum wage to $4.55, setting the stage for a fierce showdown with President Bush over the amount that the pay floor would rise.

A deadlock could prevent any pay increase from being enacted, sparing the industry from an anticipated rise in labor costs.

Bush has told industry officials that he would veto any hike that brings the minimum wage above $4.25, from the current floor of $3.35. Yet neither house of Congress had enough votes to override a presidential veto. And political commentators have speculated that the Democratic Congress may seek to tarnish Bush's image among blue-collar voters by refusing to compromise.

Mike Jenkins assumes presidency of Ponderosa

CHICAGO — Millionaire John Kluge has tapped Mike Jenkins, the former head of TGI Friday's, to assume the presidency of the Ponderosa steak-house chain, according to widespread reports at the National Restaurant Association show.

Ponderosa's spokeswoman verified that the chain was about to announce a new president, but she would neither confirm nor deny that the appointee was Jenkins. The presidency has been vacant since Frank Holdraker abruptly vacated the post a few weeks ago.

Jenkins resigned the presidency of TGI Friday's in 1988 to pursue the acquisition of a restaurant company. Although he never identified his prey, he stepped down weeks after Pillsbury Co. aired plans to sell the Steak and Ale and Bennigan's dinner-house chains.

The 720-unit steak-house system, based in Vandalia, Ohio, was sold last year by financier Asher Edelman to Kluge's Metromedia communications concern.

Mercier, Kikugawa to head Callender's

NEW YORK — Wilshire Restaurant Group, concluding its $84.3 million purchase of Marie Callender's from Ramada Corp., has named former Denny's senior executive Roger Mercier as president of the 152-unit family restaurant-and-pie-shop chain.

Mercier, a top strategic vice president and chief counsel of Denny's during the regime of former chairman Vern Curtis, held an equity stake in Denny's after a management-led leveraged buy-out in 1985.

Wilshire, which paid Ramada $54.3 million and assumed $30 million in debt under the terms of the deal, also named veteran restaurant executive Vincent Kikugawa vice president and chief operating officer of the Orange, Calif-based Marie Callender's.

Kikugawa, formerly president of Hungry Tiger and a senior vice president of Host International and W.R. Grace restaurants, most recently was a top consultant to Marriott Corp. on the Allie's concept.

Quantum Group buys Morton's chain

By Charles Bernstein

CHICAGO — In another bold move, Allen J. Bernstein's new Quantum Restaurant Group has acquired the prestigious Morton's Steak Houses, a nine-unit upscale chain based here.

Quantum, based in Roslyn Heights, N.Y., earlier purchased majority control of the Atlanta-based Peasant Restaurant Group, where Stephen Nygren remains president.

In the Morton's deal, Quantum acquired the interests of Alex. Brown & Sons, the Baltimore brokerage, and Lexington Capital, a Morristown, N.J., investment firm, for an undisclosed amount of cash.

A 10th Morton's is set to open in June at Rosemont, near Chicago's O'Hare Airport and within two miles of several leading hotels.

Klaus Fritsch, who co-founded Morton's with Arnold Morton in 1978, will remain president, and Michael Archer will retain the post of operations vice president.

Morton sold his steak houses two years ago to Alex. Brown and Lexington Capital.

Soliman's Naugles renamed Del Taco

NEWPORT BEACH, Calif. — Restaurant magnate Anwar Soliman has begun hoisting the Del Taco name over his 171 Naugles fast-food outlets to conclude a unification of the two Calif.-based taco-and-burger chains he acquired in February 1988.

Soliman merged and expanded the chains' Mexican menu last year and expects to conclude the renaming of Naugles by September. The change will give the former head of the W.R. Grace restaurant group about 370 Del Taco outlets.

The Costa Mesa, Calif.-based Del Taco, under president Wayne Armstrong, will remain a distant second to 2,950-unit segment leader Taco Bell.

Soliman's American Restaurant Group, based here, also operates about 360 other restaurants, including The Black Angus, Grandy's, Velvet Turtle, and Spoons chains.

'Turmoil' at Eastern spurs caterer to halt recruitment

NEW YORK — Chelsea Catering Corp., Continental Airlines' Houston-based in-flight caterer, has temporarily halted the hiring of staffers for a planned kitchen here because of the strike by Eastern Airlines' employees.

Chelsea, Continental, and Eastern are all owned by Texas Air, whose treatment of Eastern employees has roused the ire of airline-industry unions. A spokeswoman at Chelsea's headquarters confirmed that the caterer has interrupted recruitment of kitchen staffers here because of the Eastern "turmoil," but she declined further comment.

Chelsea had already begun screening applicants for 240 jobs at the kitchen, according to local business leaders. The facility is being built near LaGuardia Airport.

Morency to man stove at new Bay City place

SAN FRANCISCO — Peter Morency, executive chef of Les Celebrites at the Hotel Nikko here, will head up the kitchen at a new restaurant being opened by fast-food pioneers Leonce and Carolyn Picot and David Edgerton.

The new restaurant, which has the working name 1001 Nob Hill, is being developed at the site of the old Alexis, off California Street in San Francisco. The owners have tentatively scheduled an October opening.

The Picots and Edgerton, co-founder of Burger King, are partners in The Old House in Old Monterey in Monterey, Calif.; La Vieille Maison in Boca Raton, Fla.; and The DownUnder and Casa Vecchia in Fort Lauderdale, Fla.

FINANCIAL NEWS

Holiday joins JDC Corp. to create finance company

By Rajan Chaudhry

MEMPHIS, Tenn. — Holiday Corp., the operator and franchisor of the Holiday Inn hotel chain, and JDC Corp., a Japanese construction firm, are pooling resources to create a finance company to fund construction, acquisition, and renovation of new franchised hotels.

Holiday said it has tapped Michael M. Thurmond to head the new joint venture, which will be called Hospitality Capital Group.

Thurmond was formerly executive vice president of Irving Trust Co., New York, and had also served as vice president and assistant treasurer of Washington, D.C.-based Marriott Corp.

Most of Holiday's revenues come from franchise fees, and if successful, the finance company will help Holiday maintain its growth in a tight money market.

"Traditional sources of funding for the hotel industry have become increasingly scarce," said Michael D. Rose, chairman, president, and chief executive of Holiday. "Holiday and JDC are taking the lead in filling a niche that exists for project funding. In effect, we are ensuring the continued growth of our hotel brands by helping to ensure the availability of debt capital to franchisees."

Michael D. Rose

The venture is geared toward smaller projects — those with mortgages of $10 million and less — which generally have a harder time securing financing, Holiday said.

"I think it's a very good move," said analyst Joseph J. Doyle, who tracks Holiday Corp. for Smith Barney. "It's increasingly difficult to get financing, especially for franchisees, which tend to be smaller organizations."

The hotel company cited the savings and loan crisis and excess hotel construction as major forces behind the growing scarcity of investment capital.

"The industry's still overbuilt," agreed Doyle, "and a lot of institutions may be sitting on hotel investments — equity or debt — that have not done that well."

Hospitality Capital will begin with $20 million in equity and use those funds as collateral to establish a line of credit from a syndicate of commercial banks, Holiday said. It will then use its line of credit to provide mortgage financing to franchisees.

Ultimately, Holiday said, the partnership plans to generate additional funds for lending by packaging the mortgages for resale in the secondary market.

In addition to Holiday Inn, Holiday Corp.'s hotel brands include Embassy Suites, Hampton Inn, and Homewood Suites.

JDC is also a partner in several U.S. hotels, including the Scottsdale Princess in Arizona.

On the day Holiday announced its new venture, the company's stock price rose 75 cents in the New York Stock Exchange trading and closed at $41.75 per share.

Dairy Mart gets cash bid from United

By Rick Van Warner

ENFIELD, Conn. — Dairy Mart Convenience Stores Inc. has received a surprise $15.50-a-share cash takeover bid from United Acquisition Corp.

A few days earlier a company formed by Dairy Mart chairman and principal shareholder Charles Nirenberg and Salomon Brothers Holding Co. launched a leveraged buyout offer of $14.50-a-share in cash, or about $62 million, for the 1,140-unit convenience store operator.

Nirenberg, who with his family controls about 60 percent of the company's voting power, reiterated a statement that he would refuse to sell any shares except in connection with his group's offer. He also told Dairy Mart's independent directors that he'd vote against any United Acquisition bid.

"The surprising thing is that Mr. Nirenberg has clearly stated he's not interested in selling his shares to anyone else," said Dairy Mart chief financial officer Lawrence Handler. "I don't understand why they [United] would make a bid, given his statements. I don't know if it's valid."

Handler said he didn't know anything about United Acquisition and had never seen its name on any shareholder lists.

Nirenberg's group, DMSC Holdings, has already obtained financing commitments for as much as $80 million in senior bank financing, including working capital and a $14.5 million letter of credit, Dairy Mart said.

FOOD PRICE OUTLOOK

Imported canned ham prices sliding

It's not a sharp drop, but more like a steady slide, as prices lower on **imported canned hams,** particularly **Polish.** A good supply of Polish and other imported hams are available at this time, and the prices are falling.

The cost of **beef** during May has been running a bit above what it was a year ago. Agricultural economists still expect prices to settle lower this summer, since there are more cattle on feedlots than had been anticipated.

Pork prices in mid-May were down as much as 20 percent from the figure a year ago. Warmer weather in a number of Midwestern hog-raising areas has resulted in faster weight gains than had been expected. So farmers brought hogs to market early, depressing prices.

Broiler prices have been running from 20 percent to 25 percent higher than last year's at this time. Producer cutbacks in production, combined with higher feed costs resulting from last year's drought, were responsible. Don't expect lower **poultry** prices soon.

Eggs were up more than 50 percent from prices in May 1988. Feed prices were a major culprit. Also contributing were scalebacks by egg producers. Again, feed prices must take part of the blame, but output has been weaker than normal.

Heavy imports of **scallops** from Iceland and Mexico have helped hold prices to last winter's low levels . . . Another bright spot is **canned salmon.** The good news is that there's a good quantity of **salmon** in food-service sizes. The bad news is that there is just about no **king salmon** left, and most of the national stock is **chum.** Supplies of **pinks** are down about 30 percent.

— **Patt Patterson**

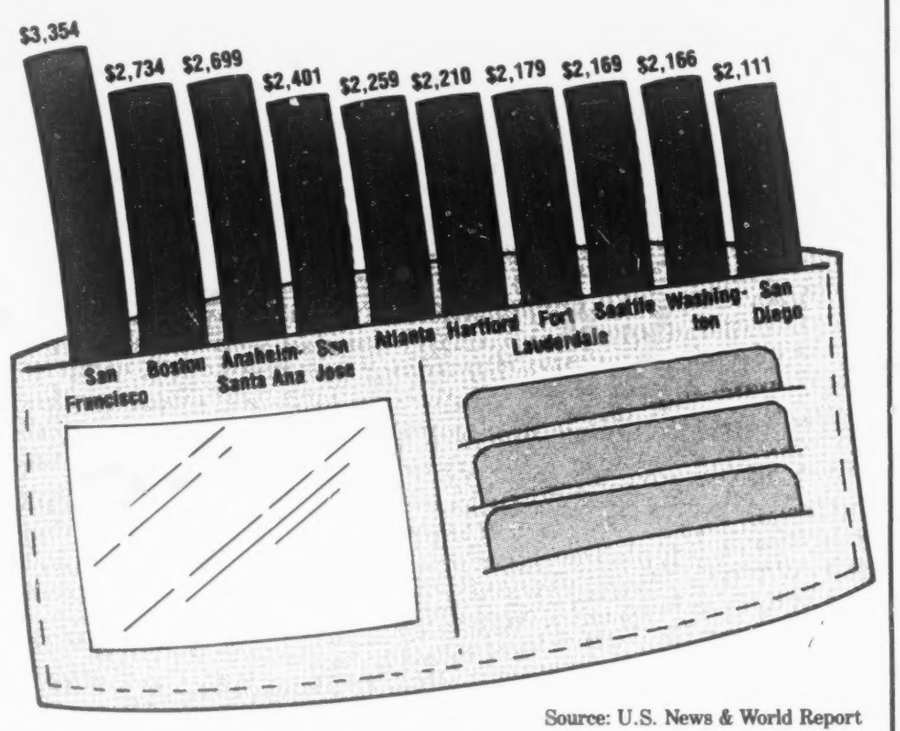
FACT FILE

A look at the statistics shaping the industry

I LEFT MY WALLET IN 'FRISCO

San Francisco area has the biggest restaurant spenders in the nation.

(average annual restaurant and bar expenditures per household)



Source: U.S. News & World Report

NRN FINANCIAL DIGEST

Le Peep loses $5.6 million for year

DENVER — Le Peep Restaurants Inc. said charges stemming from its reorganization plunged the company $5.6 million dollars into the red for its latest fiscal year.

Revenue for the year increased 29 percent, to $17.5 million. Le Peep said results include a provision of $818,000 for a writedown of assets related to company-owned restaurants. The writeoff leaves Le Peep short of equity requirements for NASDAQ stock exchange listing.

Costs also included $777,867 for salary and benefits to be paid to former officers and other employees as well as charges for both the closing of its Syosset, N.Y., office, and the physical move to its headquarters here.

Last year the company lost $3.7 million. For the fourth quarter, Le Peep posted a loss of $2.3 million vs. a loss of $913,197 a year ago. Revenue gained 23 percent, to $4.4 million.

H & H loses $1.9M for 1st Q

LAS VEGAS, Nev. — The Horn & Hardart Co. said the poor performance of its 87-restaurant International King's Table unit helped dig the restaurant and direct-mail company a $1.9 million hole for its latest first quarter, compared with a $1.7 million loss for the year-ago period.

Revenues for the 13 weeks ended April 1 rose 19 percent year-over-year, to $119.2 million.

Interest expenses related to Horn & Hardart's March 1988 King's Table acquisition totaled $1.6 million, the company said.

USA Cafes hit by franchise-fee drop

DALLAS — Citing a $1 million dip in chainwide licensing fees, USA Cafes L.P. said net profits declined 48 percent, to $1.2 million, for the first quarter ended March 31.

The company, which operates and franchises 620 Bonanza Family Restaurants, said systemwide sales rose 6 percent, to $141 million.

National Pizza boosts profits 11%

PITTSBURG, Kan. — National Pizza Co., Pizza Hut's largest franchisee, said net income for its fourth quarter ended March 28 rose 11 percent, to $2.7 million, on a 23-percent year-over-year gain in sales, to $37.5 million.

The latest quarter includes reserves of $330,000 for anticipated losses on the disposition of closed stores and charges of $413,000 stemming from the company's failed buyout of Skipper's Inc.

For the March-ended year, National Pizza posted a 12-percent increase in net income, to $37.5 million, on an 18-percent improvement in sales, to $141.8 million.

FOR THE LATEST STOCK MARKET TABLES, SEE PAGE 74

FOCUS | OPINION

Nation's Restaurant News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212 371-9400
Subscription Services, ext. 379 or 419
Cable Address: LEBHAFRIED
Panafax: 212 838-9487

Publisher JAMES C. DOHERTY

Editor CHARLES BERNSTEIN

Executive Editor Rick Telberg
News Editor Rick Van Warner
Senior Desk Editor Jeanne Isenberg
Special Projects Editors Joe Edwards, Peter Romeo
Senior Editors Ken Frydman, Milford Prewitt
Associate Editors Bill Carlino, Rajan Chaudhry
Bureau Editors Richard Martin (West Coast Chief *Los Angeles*), Alan Liddle (*San Francisco*), Carolyn Walkup (Midwest/*Chicago*), Jack Hayes (*Atlanta*), Tracey Taylor Woodard (*Houston*), Ken Rankin (*Washington*)
Copy Editor Michael Schrader
Desk Editors Peter O. Keegan, A. Rhona Melsky, Lisa Saladino
Contributing Editors Florence Fabricant, Mort Hochstein, Atid Kaplan, Patt Patterson
Editorial Secretary Donnae Kerber
Art Director Milton Berwin
Graphic Artist Alice Fernandes-Brown

Associate Publisher/National Sales Manager MICHAEL F. CHARLTON

Eastern District Manager John Yatkauskas
Advertising Sales Coordinator Chris Hernandez
Production Manager Francine Rizzo
Research Director Anne Frasciello
Production Director Stan Kaufman
Classified Advertising Manager Leslie Wolowitz
Executive Director Circulation Ed Nessel

Group Publisher C. Reese Musgrave

Founder (1900-1981) Arnold D. Friedman

President J. Roger Friedman
VP/Publication Services Barry Braverman
Sr. VP/Group Pub. James deGraffenreid
VP/Planning Harry A. Estes
VP/Publisher Jay Forbes
VP/Finance James Granato
VP/Human Resources Richard D. Groberg
VP/Editorial Director David Q. Mahler
Sr. VP/Group Pub. C. Reese Musgrave
Treasurer Barry Okun

REGIONAL OFFICES

Atlanta 278 Spring Drive, Roswell, GA 30075, 404-998-6966

Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
Area Manager Chris McCoy

Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-6688
District Manager Gary Knuth
Area Managers John McGuire, Ed Weisbrod

Houston 2851 Wallingford Drive, Suite 108, Houston, TX 77042, 713-977-07924

Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
Regional Manager John Donoghue
District Manager David M. Pittman

San Francisco 400 Montgomery St., Suite 1110, San Francisco, CA 94104, 415-362-2575
District Manager Steve Conca

Japan Diamond-Friedman Ltd., Chain Store Age News, Japan 1-4-2 Kasumigaseki, Chiyoda-ku, Tokyo, Japan, 504-6750

The Audit Bureau ABP

Publisher of Nation's Restaurant News, Discount Store News, National Home Center News, Drug Store News, Accounting Today, Computer&Software News, Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising*. Affiliates: Business Guides Inc., Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions

Call (212) 371-9400, ext. 419
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

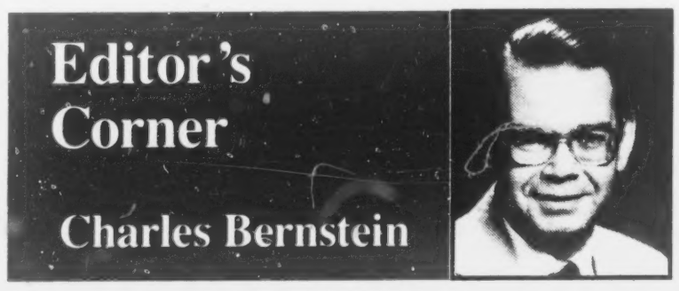
Permissions

Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Nation's Restaurant News, publisher, Lebher-Friedman Inc., 425 Park Ave., New York, NY 10022.

Industry dilemma: Too few women execs

Try to name all the upper-management women executives you can think of in the food-service industry. Our guess is that you'd be hard-pressed to come up with a list of more than five out of the thousands of executives in the industry.

On the spur of the moment, we can only think of these women who have made it to the higher echelons:



- Jackie Trujillo, 30-year veteran executive at Los Altos, Calif.-based Harman Management Corp. She started at the unit level and worked her way up to president of Harman's 230-unit KFC franchise, arguably now the strongest group in the entire KFC network.
- Julie Brice, president of the 200-unit Dallas-based I Can't Believe It's Yogurt. She did believe and at the age of 20 launched the chain 12 years ago with her brother, chairman Bill Brice. She was selected as 1989 Woman of the Year by the Round Table for Women in Food Service.
- Ella Brennan, longtime driving force of the company operating Commander's Palace and Mr. B's in New Orleans and Brennan's in Houston.
- Louise O'Sullivan, president of the Chicago-based Groen manufacturing companies. An elementary-school teacher for eight years, she joined Groen as a part-time advertising writer in 1976 and eventually moved up to president in 1985.

That is the extent of the list which quickly comes to mind. We certainly hope any other women presidents we have overlooked will forgive us and notify us.

Actually, a number of women are on their way to top management and have established a strong niche. A prime example is Los Angeles-based Carnation Co. marketing director Dana Quillen. She was recently voted one of the leading 100 women executives in all fields by Business Monthly magazine (formerly Dunn's Review).

But the real significance of the magazine's list is that, as far as we can discern, Quillen is the only food-service executive in the top 100. That says mountains about the obstacles facing aspiring women executives in the food-service industry.

Somehow women have been able to climb faster in almost every other field. This is the ultimate irony, since if one accepts any sort of stereotypes, women have been regarded as homemakers and cooks.

They represent two-thirds of the food-service work force and perhaps half of all unit managers but less than 5 percent of executives. They have shown an entrepreneurial inclination in opening and owning restaurants and are emerging as leading chefs.

They have achieved everything except the top spots in chains and food-service companies.

We would instinctively and defensively deny that there is any prejudice toward women who seek executive positions. But the reality is that women often are stereotyped into marketing and communications positions rather than operations, and their paths to the top are often blocked by male-dominated managements.

Consider any major industry executive conference that you attend. The number of women there — to say nothing of blacks — is usually minimal.

It is not only the stereotype that "women are too emotional to be capable executives," but also the fact that there are so few female mentors who have made it to the executive suite and whom women can emulate. Of course, men can emulate any number of male figures as mentors.

As with all stereotypes, the generalization and the interpretation are wrong. They merely suit the purpose of keeping the same people in power.

The Iron Lady, Margaret Thatcher, prime minister of England for a third four-year term, goes a long way toward disproving the stereotype. Still, sensitivity and emotions will become more important assets for executives in the 1990s.

Edna Morris, Hardee's human resources vice president and a rising woman executive in her own right, put it this way recently: "Business relationships have been bred historically through the good ol' boy network. That consists primarily of male trends like beer after work and golf outings. Women in management positions should not be made to feel like outsiders."

On the same panel, Ground Round training director Betty Brennan discussed the stereotypical restaurant belief that "women should be in the front of the house while men are either in the kitchen or running the restaurant."

As KFC president Jackie Trujillo expressed the situation, "Men have to realize that women can adjust to the demands of this industry and still fulfill family obligations."

Unfortunately, despite the very capable leadership of president Beverly Ham Totman of Tustin, Calif., the Round Table for Women has encountered severe problems in its efforts to build a network of female role models over the past several years.

Efforts were launched in Chicago last week, during the NRA Show, to start a new united group to help women gain upward mobility in the food-service industry.

Yet the real answer to the challenge, as the Round Table has consistently indicated, is for the men who dominate almost all the companies to make efforts to advance women into the executive ranks, without fear, favor, or stereotype.

Women have more of the right executive stuff than their male bosses like to admit.

LETTERS

Keep the record straight with liquor control system

Editor, NRN:

I read your recent article on the ways to spot a dishonest bartender. But the author did not once mention anything about beverage control systems that are on the market today. With today's technology, there are some very reliable liquor and beer metering systems that can spot a dishonest bartender in 10 seconds.

I am a manufacturer of a draft-beer meter that I have installed in various parts of Texas and Louisiana. I have 56 meters installed at the Louisiana Downs in Shreveport, La.

The management will not pour a beer without this device. The money they save by having these systems makes the investment well worthwhile. You go into a club and put a liquor system in and watch your dishonest bartender hand in his time card.

McDonald's meters its soft drinks. Marriott, Holiday Inns, and other large hotels have used beverage control systems for years.

When all a club has to sell is beer and liquor, I would think the owner would put as much emphasis on getting a profit from the only thing he has to offer, as he would on decor, sound system, lighting, etc. There would be a lot less dishonest bartenders to worry about and a lot more time to think about spending that extra profit an owner would enjoy.

Also, the Liquor Control Board likes to see people use these systems, as it tells them that you are trying to keep your records straight.

— Cliff Pittman
Pittman Distributing Co.
San Antonio, Texas

'Institutional' feeders deserve a better name

Editor, NRN:

Bravo! Your Editor's Corner column, "Educational Funk: Management Schools," is absolutely on target. It *is* time to recognize that restaurants deserve their due in the naming of hospitality curricula at our leading schools.

However, while we are asking for changes, why not also get rid of that very archaic term "institutional," as in "Hotel, Restaurant and Institutional Management."

This word has been replaced almost universally (the National Restaurant Association still refuses to acknowledge the change) by the term "non-commercial."

And while we are at it, we could use a better term than "non-commercial" to describe the business and industry, health-care, school, college and university, and perhaps even correctional food-service segments of our industry. Maybe we should hold an industrywide competition to see what else we can come up with.

At any rate, having worked closely with a number of universities over the past 10 years, I don't expect to see any dramatic changes soon. They, like the mills of the gods, grind exceeding slowly!

But at least you have issued the challenge, and that's a beginning.

— Phillip S. Cooke
executive vice president
Society for Foodservice Management
Louisville, Ky.

FOCUS | TAKEOUT PACKAGING

ZABAR'S PICNIC BOXES SPEAK FOR THEMSELVES

By Ken Frydman

NEW YORK — Zabar's picnic-meals-to-go program means much more to the landmark retailer than a mere $250,000 in annual revenues.

During the spring and summer, picnic bags from the deli-and-housewares emporium can be seen on the streets of New York, at outdoor concerts in Central Park, in corporate offices, in apartment buildings, on tour buses, and at Long Island beach resorts. Inside the bags are the $9.95-to-$11.95 plastic picnic boxes filled with chicken, cold cuts, pastas, seafood, salads, breads, cheese and crackers, fruit, and cookies.

"All of of our business is take-out, but we don't make a living at the picnic program," says Murray Klein, general operating partner of the two-story facility on Manhattan's Upper West Side. "It's just a low-cost, word-of-mouth merchandising tool that we use to promote our name and get people in the store."

One thing Zabar's has no problem doing is getting people in the store. On any given day 35,000 paying customers pass through the store, and another 10,000 come to browse "as if they were in a museum," according to Klein, whose partners in the 40-year-old store are the Zabar brothers, Saul and Stanley.

The hordes generate annual sales of $35 million.

Zabar's typical picnic customers are the young single or married professionals who live and work in New York and either don't have time to cook at home or pay the city's exorbitant restaurant prices. Instead, explains Klein, they pick up a prepackaged meal in a disposable plastic container, complete with napkins and plastic eating utensils.

"They're also used to cater corporate meetings, on vacations, and and as traditional spring and summer out door picnic meals," says Klein, who 25 years ago joined Zabar's as its first operating manager when it was still a "small local Jewish deli."

Picnic customers have a choice of five baskets, smoked salmon, country buffet, deli, French, and sea fare. Meals include cheese and crackers, a piece of fruit, and a choice of cookies or cake.

Some picnic box customers simply take their meals next door and eat them at Zabar's small sit-down "sandwich and coffee" outlet, Klein notes, adding, "That space is a service to our customers, which is the way we look at the picnic program."

ZABAR'S PICNIC PACKAGES

Smoked Salmon picnic: *Nova Scotia, Norwegian, Scotch or Irish smoked salmon; bagel or pumpernickel roll; choice of cream cheese or scallion cream cheese; cheese and crackers, apple or orange, cookies or chocolate mousse cake* $9.95

Country Buffet picnic: *Lemon-garlic chicken; tortellini in pesto; French roll; cheese and crackers; apple or orange; cookies or chocolate mousse cake* $9.95

Deli picnic: *Choice of turkey, corned beef, roast beef, or ham and Swiss cheese sandwich; potato salad; mustard and pickles; cheese and crackers; apple or orange; cookies or chocolate mousse cake* $9.95

French picnic: *Sliced Westphalian ham; French-style duck; pasta Primavera; French roll; cheese and crackers; apple or orange; cookies or chocolate mousse cake* $11.95

Sea Fare picnic: *Choice of shrimp, lobster or crabmeat salad; tomatoes, cucumbers and onions vinaigrette; French roll; cheese and crackers; apple or orange; cookies or chocolate mousse cake* $11.95

PACKAGING GOES UPSCALE

(Continued from page 1)

duck à l'orange, tuna steak, or roasted veal shank.

"We'll deliver pizzas and sandwiches, but that's been done before," remarks Rick Puzo, co-owner of the just-opened Giorgio Cafe in New York. "The popular items will be our entrées because people haven't been delivering duck à l'orange, or a veal dish, or swordfish."

He projects that the restaurant will generate $400,000 to $500,000 by delivering meals averaging $12 to $15 in price. That amount should account for 20 percent to 25 percent of Giorgio Cafe's total annual sales, he adds.

Although on-premises restaurant traffic was flat during the first three months of the year, operators sold 5 percent more eat-at-home meals than they did during the same period of 1988, according to NPD Crest, the Chicago-based researcher.

And the off-premises market generated what little year-to-year real growth the industry enjoyed last year, according to the company. Its data indicate that restaurants supplied 3.8 percent more meals for at-home consumption, offsetting a 2.1-percent drop in the number of patrons served in dining rooms.

After declining in 1988, customer counts at white-tablecloth establishments will grow by 2.1 percent this year in part because more of those places are offering carry-out or home-delivered meals, according to the Wefa Group, an economic forecaster in Bala Cynwyd, Pa.

The National Restaurant Association reported at the end of 1988 that take-out or delivery service is already offered by 38 percent of all restaurants with an average check of $25 or more.

Nevertheless, "what we see driving

(See PACKAGING, page F14)

Domino's hew octagonal box keeps pizza hot and cuts costs.

Fast feeders rush to better containers

By Peter Romeo

As high-end restaurants use new containers to batter their way into the take-out-and-delivery market, fast-food and pizza chains are seizing packaging innovations to fortify their entrenched positions in the sector.

"With consumers becoming more interested in quality, you're seeing all types of places trying to come up with a better package — something that retains the heat or protects the product better," says Rick Gilbertson, a take-out-and-delivery consultant.

McDonald's, the nation's largest supplier of carry-out meals, is testing a new clamshell-type foam box as part of the sales trial for its McChicken sandwich. The front panel of the container's lid juts downward to the bottom of the box. When it is opened, the front rises out of the way, enabling customers to slide their hands forward to grasp the sandwich, instead of having to scoop it out.

'We started to consider a new box after a debate about the strength and depth of the square box,' Solomon says. 'Franchises were concerned about keeping pizza toppings from sticking to the inside of the top of the box.' The result was the crush-resistant Octabox.

Domino's, the pizza maker that ignited the explosion in home delivery, recently adopted a new octagonal box for its pies. The chain asserts that the new container offers several advantages over the standard rectangular pizza box, including better heat retention, more durability, and a lower price. What's more, Domino's says, consumers appreciate that the octagonal carton is easier to pack into garbage cans.

Development of the Octabox took two and a half years, according to Harold Solomon, the 5,000-unit chain's director of research and development.

"We started to consider a new box after a debate about the strength and depth of the square box," he says. "Franchises were concerned about keeping pizza toppings from sticking to the inside of the top of the box." The result was the crush-resistant Octabox.

Scores of both chain and independent pizzerias are packing their slices in triangular foam boxes, instead of merely sliding the wedges of pie into a bag.

"Don't we have any more of those slice boxes?" a counter worker at a Sbarro's unit asks a co-worker after taking an order for a slice to go. "Sorry, I'll have to put it in a bag," she says after learning that the wedge-shaped containers are all gone.

A very similar new package is being embraced by family restaurants seeking to boost by-the-slice pie sales.

Rax, a 524-unit Midwestern quick-service chain, is evaluating new containers as part of a plan to bolster carry-out traffic during the summer.

"We're looking at improved packaging for our sandwiches, so they last longer," a Rax executive says. "We want to boost our take-away business. That's the only part of the [fast-food] business that's growing right now."

Fuddrucker's, a more upscale burger specialist, has indicated in government filings that it plans to develop a new line of packages as part of the launch of a new Fuddruckers To Go menu.

FOCUS | TAKEOUT PACKAGING

PACKAGING GOES UPSCALE

(Continued from page F9)

off-premises traffic is drive-thru and home delivery," notes Dave Jenkins, Crest's director of sales and market development. Clearly, the field continues to be dominated by fast-food chains, pizzerias, Chinese restaurants, and other concepts specializing in foods that "travel well."

Giorgio Cafe can deliver "90 percent of our menu," Puzo says, because partner Randy Seltzer spent two years developing a suitable container. Tapping his experiences in the plastics and packaged-foods industries, Seltzer designed a package consisting of a lidded, microwavable plate nestled inside a black cardboard box that closes like a hard-sided brief case.

"Everything had to be just right," Seltzer says. "The plate had to be just the right size for a serving. The items had to fit just right. And we chose black and white as the color pattern because it's an attractive way to display food."

A smart-looking container, he and others assert, can be a potent marketing tool because it catches the consumer's eye, speaks favorably of the source restaurant, and, like a dramatic plate presentation, enhances the appeal of the food itself.

"We're a gourmet operation, and the packaging is part of that image," says a representative of Room Service, a Chicago operation that trucks meals for a fee from a number of restaurants to consumers' homes and offices. "We started out with first-rate packaging. It helps [sales-wise] because it says we're first rate."

"When all's said and done, the package is part of the product," comments Malcolm Knapp, a New York food-service consultant. "They've improved the product by improving the package."

Appearances "are particularly helpful for office deliveries," notes Room Service's representative. "The food doesn't come in junky stuff, so you can use it if you want to entertain a client in the office."

Giorgio's Seltzer readily concurs. "At lunch our focus is really on executive dining," he says. "We expect our business customers to call in six or eight orders when they're entertaining clients in the office. Our boxes are a lot nicer than a bag of sandwiches."

What's more, because their containers are durable, Room Service and Giorgio expect the packages to deliver some free advertising.

"Someone getting a package like this at home is going to use it for picnics and parties," Seltzer says. "People are going to see our name." The name "Giorgio Cafe" is molded right into the plate.

"Our containers are attractive, and they're microwavable, so a customer might use them to serve hors d'oeuvres at a party," says the Room Service representative.

Marketing has been a glaring deficiency of full-service restaurants offering eat-at-home meals, according to the NRA. In a consumer survey conducted for the association, one-fourth of the respondents said they would order meals from full-service restaurants if they knew carry-out service was available.

"In 1989 table-service restaurants must open consumers' eyes to midscale and upscale takeout options," says Michael Hurst, an NRA officer and operator of the 15th Street Fisheries restaurant in Fort Lauderdale, Fla.

Restaurateurs wielding new take-out packages are being assisted in that educational process by the media. With carry-out and delivery service playing such a major role today in the dining habits of Americans, newspapers and magazines have been quick to spotlight new eat-at-home options. And the journals clearly regard novel packaging as a topic of riveting interest to readers.

"Take-out alert," trumpeted a recent issue of New York magazine, a weekly bible for remaining hip in the Big Apple. "Thanks to Auntie Yuan's nifty new take-out containers, its Peking duck tastes every bit as crispy and succulent at home as at the restaurant."

Dozens of Chinese restaurants pack Peking duck for home consumption, usually by hacking the bird into quarters, wrapping it in waxed paper, and shoving the whole thing in a foil sack. Yet when the tony Auntie Yuan entered the take-home market with its new package, even the lofty New York Times took notice.

"Earlier this month Auntie Yuan . . . began using sleek, lightweight containers of molded plastic with clear snap-on lids that can be put in a microwave oven," the staid daily reported.

When New York magazine reported on a new take-out line at Mortimer's, a Manhattan restaurant and celebrity watering hole, the magazine devoted a big chunk of the coverage to a description of the containers used. The array of eat-at-home stews are packed in see-through, microwavable plastic crocks.

Giorgio Cafe's delivery boxes have been covered in both New York and the New York Times.

"Our marketing consists pretty much of getting a lot of press," says Puzo. "We're getting a lot of inquiries from that."

Puzo is eager to spread the word that Giorgio Cafe does not have to skimp on portions or food quality to pay for its snazzy delivery container. Seltzer, wielding his knowledge of the food-processing and plastics industries, worked with suppliers to hold the cost of the whole package to $1.58.

"Our price structure is 10 percent to 20 percent less than the competition's," Puzo says. "We've been approached by a lot of other restaurants interested in buying our stuff, but we won't sell because that's our business."

Other restaurants put a high price on their take-out containers.

Arcadia, one of New York's highest-rated dining spots, drew the Times' attention when it began packing several offerings in baskets for home consumption. The meal costs $30, and a $25 deposit is required for the basket.

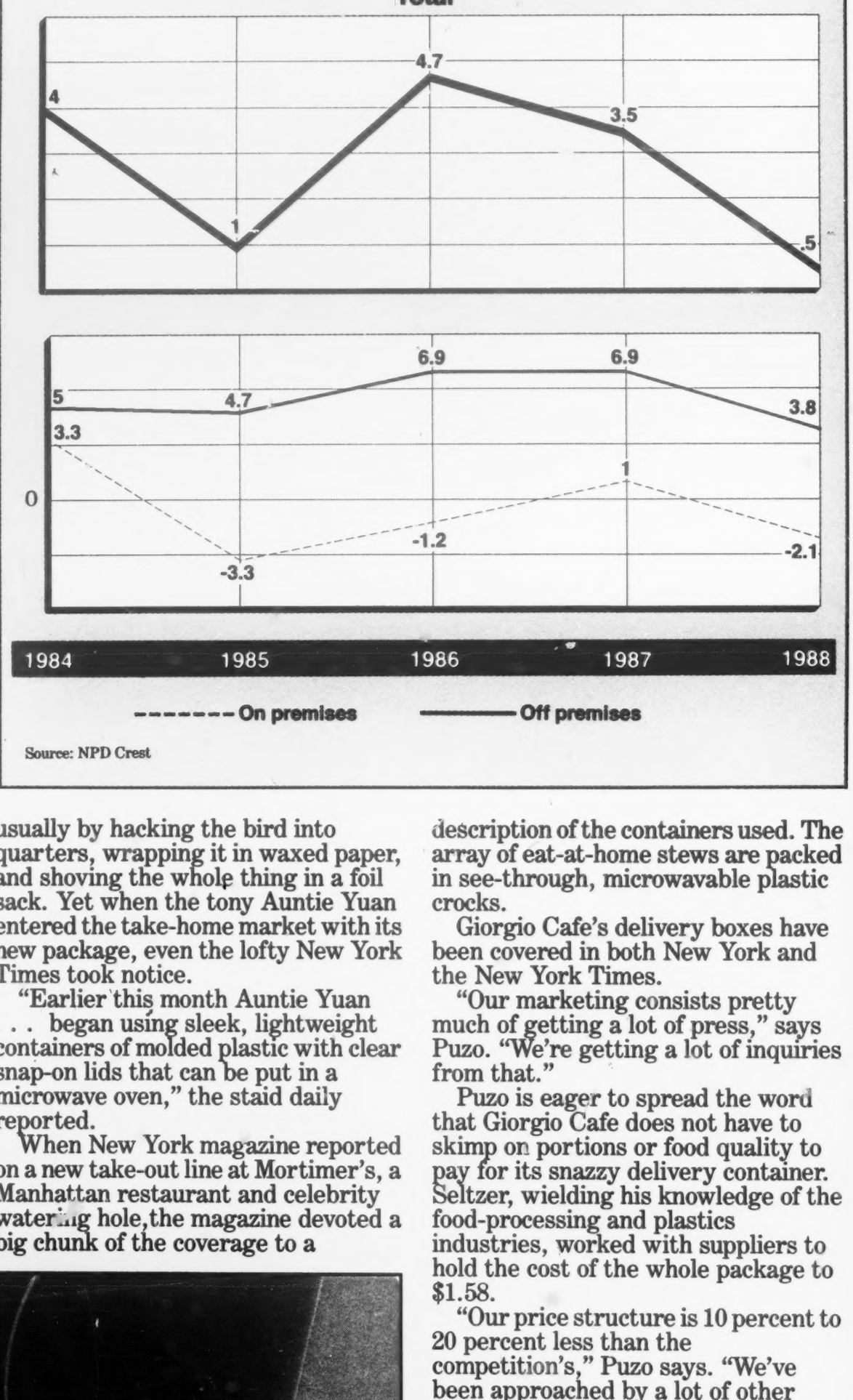
The three-course take-out meal is available only on Thursday, Friday, and Saturday nights. On a recent Friday, it consisted of a salad; a choice of either a crab-and-lobster cake, roasted crispy chicken, or roasted loin of veal; and a dessert of either fresh fruit or hazelnut-and-raspberry-jam tart.

Manhattan's Quilted Giraffe requires delivery patrons to supply a charge-card number to cover the cost of the bento boxes used for the lunches brought to their offices. The cost of the meal itself is $25.

TAKEOUT FUELS INDUSTRY GROWTH

Gains in off-premises traffic have cushioned flagging on-site customer counts

(traffic count, year-to-year percentage change)



Source: NPD Crest

Giorgio will deliver a meal in a five-block radius of the restaurant in a box that converts into a tray containing the hot meal in a covered microwavable dinner plate.